

# MEMORANDUM

**To:** Minneapolis City Council Members

**CC:** Andrea Hart-Kajer

**From:** David S. Doth, Commissioner (ext. 3798)

**Re.:** Tobacco Tax Increase

**Date:** January 11, 2002

The 2002 legislative session will include discussions on increasing the Minnesota tobacco excise tax as a means to both address the State's budget shortfall and to reduce teen smoking in the state. Public health research shows that increasing the price of tobacco has a major impact on smoking rates and therefore the health of populations. This memo provides some background information on how increasing the tobacco tax might impact the public's health in Minneapolis.

## Background Statistics

- Despite being a national leader in tobacco excise taxes in 1992, Minnesota now ranks 20<sup>th</sup> in the nation for its cigarette excise tax rate (48 cents per pack). The Governor has proposed raising the tax 29 cents per pack, increasing it to Wisconsin's rate of 77 cents per pack. The Minnesota Smoke Free Coalition is proposing a \$1.00 per pack increase.
- Washington State currently leads the nation in tobacco excise taxes at \$1.425 per pack.
- 19% of Minneapolis 9<sup>th</sup> graders smoke. (2001 Minnesota Student Survey data)
- Statewide, 39% of high school students and 13% of middle school students use tobacco. (MN Dept. of Health, MN Youth Tobacco Survey, 2000)
- 90% of smokers begin as teens. (USHHS, *Preventing Tobacco Use Among Young People: A Report of the Surgeon General*, 1994)
- Nationally, an estimated 17-20% of pregnant women smoke. (1999 National Household Survey on Drug Abuse; 1998, *Substance Abuse and Mental Health Services*)

## Impact of Tobacco Tax Increases

- A nationwide survey revealed a 33% decline in the number of new youth smokers in 1998 and 1999, the same two-year period that tobacco companies increased the price of cigarettes by 50% in response to state Attorney's General settlements. (USHHS, 2000 National Household Survey on Drug Abuse, 2001)
- A 10% increase in the price of a pack of cigarettes can be expected to reduce overall teen smoking by 13%. (ImpacTEEN, University of Illinois at Chicago, 2001)
- Tax increases work to significantly reduce smoking among pregnant women. A recent study found that "pregnant women are more likely than the general population to quit smoking as cigarette taxes increase." And that "for every 10% increase in the price of cigarettes, smoking by pregnant women fell by 7%." (The Nation's Health, Dec. 2001/Jan. 2002)

- A \$1.00 per pack increase in Minnesota's tobacco tax would provide between \$300 and \$350 million in new excise and sales tax revenues to Minnesota each year. (*MN Dept. of Revenue, 2001*)
- The US Surgeon General, the World Bank and the Institute of Medicine all cite increasing tobacco taxes as a highly effective method for preventing smoking and reducing consumption. (*US Surgeon General's Report, Reducing Tobacco Use, 2000; World Bank Report, Curbing the Tobacco Epidemic: Governments and the Economics of Tobacco Control, 1999; National Academy of Sciences' Institute of Medicine, Taking Action to Reduce Tobacco Use, 1998*)

The Department of Health and Family Support (DHFS) works to reduce teen smoking rates on several fronts due to the immense impact smoking has on overall morbidity and mortality of Minneapolis citizens, and the fact that most people who smoke start when they are teens. Some departmental activities include:

- A Minneapolis Tobacco Prevention Specialists who works in the community and in conjunction with a school-based liaison and youth coordinators to reduce teen smoking, including education about second-hand smoke and support for youth advocacy work. This work is done in collaboration with three other quadrants of Hennepin County.
- State grant funding to DHFS is passed through to Licensing to support that department in coordinating their youth tobacco retailer compliance check program.
- Teen tobacco cessation classes are offered through several school-based clinic sites.
- State Youth Risk Behavior grant funding that comes to the department was given to the Minneapolis Public Schools to implement a Life Skills curriculum that supports healthy decision making among youth, especially related to alcohol, tobacco and other drugs.

Increasing the tobacco tax would supplement and support these efforts, and add to a comprehensive strategy to health improvement through smoking reduction in the City and the State. DHFS research and policy staff have additional information on this topic should you be interested in it. Please contact myself (ext. 3798) or Megan Ellingson (ext. 3817) for any follow-up questions or comments.